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Brocade Communications Systems, Inc.

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

IN RE BROCADE COMMUNICATIONS
SYSTEMS, INC. DERIVATIVE
LITIGATION

This Document Relates to:

ALL ACTIONS

Case No. C-05-02233 CRB

**STIPULATION AND [PROPOSED]
ORDER RE: DISMISSAL OF
REMAINING CLAIMS AGAINST
DEFENDANT GREGORY L. REYES
PURSUANT TO SETTLEMENT**

This Stipulation is made by and between plaintiff Brocade Communications Systems, Inc. (“Brocade”), through the Special Litigation Committee of its Board of Directors (the “SLC”), and defendant Gregory L. Reyes (“Reyes”).

RECITALS

WHEREAS, beginning in June 2005, certain shareholder derivative actions were commenced in the United States District Court for the Northern District of California asserting a variety of claims arising from Brocade's historical equity options compensation practices and related matters, which actions were assigned to this Court and consolidated as *In re Brocade Communications Systems, Inc. Derivative Litigation*, No. 05-cv-2233-CRB (the "Consolidated Federal Derivative Action");

WHEREAS, the SLC, acting on behalf of Brocade, filed a Second Amended Complaint in the Consolidated Federal Derivative Action on August 1, 2008, asserting claims on behalf of Brocade against ten defendants, including Reyes;

WHEREAS, on October 6, 2008, Reyes and the other nine defendants each filed a motion to dismiss the Second Amended Complaint;

WHEREAS, on December 12, 2008, this Court issued an Order, supplemented by an opinion issued January 6, 2009, in which the Court dismissed all claims against Reyes with the exception of the Fifth, Sixth, Seventh, Eighth, and Eleventh Causes of Action alleging various breaches of fiduciary duty and unjust enrichment;

WHEREAS, Brocade and Reyes entered into a settlement agreement on August 14, 2009 (the "Settlement Agreement");

WHEREAS, on October 9, 2009, Brocade submitted a copy of the Settlement Agreement to this Court, and filed a motion for approval of the settlement and entry of a Complete Bar Order barring contribution claims;

WHEREAS, on December 21, 2009, this Court entered an Order Approving Settlement And Entry Of Complete Bar Order As To Defendant Gregory L. Reyes;

WHEREAS, Reyes has made full payment of the settlement consideration that he agreed to pay in the Settlement Agreement;

1 WHEREAS, the Settlement Agreement provides that Brocade shall move the Court for an
2 order dismissing with prejudice the remaining claims against Reyes in the Consolidated Federal
3 Derivative Action;

4 WHEREAS, the Settlement Agreement further provides that Brocade and Reyes will request
5 the Court to retain continuing and exclusive jurisdiction to enforce the terms of the Complete Bar
6 Order and the Settlement Agreement;

7 WHEREAS, Brocade and Reyes request the Court to retain jurisdiction to enforce the terms
8 of their Settlement Agreement and the Complete Bar Order under the authority of *Kokkonen v.*
9 *Guardian Life Insurance Co. of America*, 511 U.S. 375, 381-82 (1994).

10 NOW, THEREFORE, Brocade and Reyes, through their respective undersigned counsel,
11 hereby stipulate, subject to the Court's approval, as follows:

12 1. All remaining claims against Reyes in the Consolidated Federal Derivative Action,
13 *i.e.*, the Fifth, Sixth, Seventh, Eighth, and Eleventh Causes of Action of the Second Amended
14 Complaint, shall be and hereby are dismissed with prejudice.

15 2. Brocade and Reyes shall comply with the terms of their Settlement Agreement.

16 3. By consent of Brocade and Reyes, the Court shall retain jurisdiction for purposes of
17 enforcing the terms of the Settlement Agreement and the Complete Bar Order.

19 Dated: February 1, 2010

DEWEY & LEBOEUF LLP

21 By: /s/ Peter E. Root
Peter E. Root

22 Attorneys For Plaintiff
23 Brocade Communications Systems, Inc.

24 Dated: February 1, 2010

MORGAN, LEWIS & BOCKIUS LLP

26 By: /s/ John H. Hemann
John H. Hemann

27 Attorneys For Defendant Gregory L. Reyes

28 - 2 -

STIPULATION AND PROPOSED ORDER RE:
DISMISSAL OF REMAINING CLAIMS AGAINST REYES
CASE NO.: C-05-02233 CRB

ATTESTATION PURSUANT TO GENERAL ORDER 45

I, Peter E. Root, am the ECF User whose ID and password are being used to file this Stipulation and [Proposed] Order Re: Dismissal of Remaining Claims Against Defendant Gregory L. Reyes Pursuant to Settlement. In compliance with General Order 45.X.B, I hereby attest that concurrence in the filing of this document has been obtained from each of the other signatories. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed this 1st day of February 2010, at East Palo Alto, California.

/s/ Peter E. Root
Peter E. Root

ORDER

PURSUANT TO STIPULATION, IT IS SO ORDERED.

Dated: _____

Charles R. Breyer
United States District Judge